

**UNITED STATES DISTRICT COURT
DISTRICT OF PUERTO RICO**

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

THE COMMONWEALTH OF PUERTO RICO, *et
al.*,

Debtors.

In re:

THE FINANCIAL OVERSIGHT AND
MANAGEMENT BOARD FOR PUERTO RICO,

as representative of

PUERTO RICO SALES TAX FINANCING
CORPORATION,

Debtor.

PROMESA

Title III

No. 17 BK 3283-LTS

(Jointly Administered)

PROMESA

Title III

No. 17 BK 3284-LTS

**OBJECTION OF THE GMS GROUP, LLC
TO PROPOSED AGENDA FOR THE HEARING OF JANUARY 16-17, 2019**

GODREAU & GONZALEZ LAW, LLC

Rafael A. González Valiente

P.O. Box 9024176

San Juan, PR 00902-4176

787.726.0077 (office)

787.360.0787 (cell)

rgv@g-glawpr.com

PERKINS COIE LLP

Gary F. Eisenberg (pro hac vice application pending)
30 Rockefeller Plaza, 22nd Floor
New York, NY 10112
Telephone: (212) 262-6902
Facsimile: (212) 977-1632
Email: geisenberg@perkinscoie.com

Attorneys for The GMS Group, LLC

Dated: January 15, 2019

The GMS Group, LLC (“GMS” or “Secured Creditor”), by way of objection to the Second Amended Title III Plan of Adjustment of Puerto Rico Sales Tax Financing Corporation (the “Plan”) respectfully shows the court as follows:

1. As of January 4, 2019, GMS was the holder of \$430,110,000 of Subordinated COFINA bonds (the “GMS Bonds”) in approximately 1,686 retail client accounts consisting of 4,391 bondholder positions. In addition, GMS is the holder of \$47,520,000 par value in GMS proprietary accounts (the “Proprietary Bonds”). Thus, the aggregate total of GMS Bonds and Proprietary Bonds held by GMS as of January 4, 2019 is 477,630,000. The bonds are held at Pershing LLC, a subsidiary of Bank of New York Mellon (“BNYM”), the indenture trustee under the bonds.

2. On December 21, GMS filed an “Amended Objection Of The GMS Group, LLC To Second Amended Title III Plan Of Adjustment Of Puerto Rico Sales Tax Financing Corporation And Request For Evidentiary Hearing” with supporting exhibits (the “GMS Objection”). *See, Docket 4564.*

3. On December 28, 2018, Peter C. Hein filed the “Objection Of Individual Cofina Subordinate Bondholder Residing In The 50 States Who Purchased At The Original Offering

Prices, To Confirmation Of Puerto Rico Sales Tax Financing Corporation (“Cofina”) Plan, And Response And Opposition To Cofina’s Thirteenth Omnibus Objection To Individual Claim No. 10701” (the “Hein Objection”). *See, Docket 4585.*

4. On December 31, 2018, GMS filed a joinder (the “GMS Joinder”) to the Hein Objection. *See, Docket 4587.*

5. On December 31, 2018, Hein filed a supplement to the Hein Objection (the “Hein Supplement”). *Docket 4595.* GMS filed a Joinder to the Hein Supplement.

6. In addition, GMS filed Declarations in support of its Objections. *See, Docket 4606 & 4641.*

7. GMS also filed Motions to present a rebuttal witness and cross examine the FOMB and Senior Bondholder Coalition declarants. *See, Docket 4683 and 4768.*

8. At least eight (8) other parties in addition to GMS have also filed objections to the confirmation of the Plan of Adjustment.¹

9. The Financial Oversight and Management Board (“FOMB”) and the Senior Bondholder Coalition (without including the parties that filed joinders) filed replies and memorandums of law in support of the confirmation of the Plan of Adjustment.

10. In addition to GMS, PROSOL-UTIER filed a motion to present a rebuttal witness and cross-examine the FOMB and/or Senior Bondholder Coalition declarants.

11. On January 14, 2019, the FOMB filed a Notice of Agenda of Matters Scheduled for the Hearing on January 16-17, 2019 (the “Agenda”). *See, Docket 4782.*

¹ Cooperativas de Ahorro y Credito (docket 415 in case 17-3284); Stephen Magiaracina (Docket 4215 & 4481 of case 17-3283); Certain Workers Unions and Manuel Natal (Docket 4607 of case 17-3283); United Auto Workers International Union (Docket 4556 of case 17-3283); Peter Hein (Docket 4585, 4595 and 4673 of case 17-3283); PROSOL-UTIER (Docket 4592 and 4607 of case 17-3283); Mark Elliot (Docket 4598 of case 17-3283); Lawrence Dvores (Docket 4613 of case 17-3283).

12. Notwithstanding the significant number of objectors and requests to present rebuttal testimony and cross-examine the proponents' witnesses, the Agenda only provides thirty (30) minutes for Objectors to cross-examine Debtor's witness², five (5) minutes for Objectors Direct (Rebuttal) Testimony³, sixty (60) minutes for re-direct and five (5) minutes to cross-examine "Party in Support" witness⁴.

13. The severe time limitations on the Objecting Parties' time for presenting rebuttal testimony and cross-examining witnesses are unduly truncated. This is particularly so given the gravity, complexity and sheer volume of the legal challenges, their constitutional imperative, the size and complexity of these cases (with over 4700 docket entries to date) and the importance of this proceeding - both for parties in interest in these Title III cases and for the municipal finance markets across the United States. The effect of the proposed limitations would likely shoehorn the most complex reorganization proceeding in this District's history into a set of time limitations likely not applied to far less complex chapter 11 cases. The effect of that would be to warp the confirmation process and deny the Objecting Parties their right to due process.

14. In addition, the FOMB scheduled only thirty (30) minutes for nine (9) objectors to make statements. That is less than four (4) minutes for each Objecting Party to present its statement.

15. Considering that this is one of the largest reorganizations in the history of the United States and a necessary predicate ultimately for the Commonwealth's own reorganization, imposing such time limitations on parties who stand to lose hundreds of millions of dollars would be inconsistent with due process.

² At least GMS and PROSOL-UTIER announced cross examination of proponents' witness.

³ At least GMS and PROSOL-UTIER announced rebuttal witness who have not filed declarations submitting their full rebuttal testimony.

⁴ At least GMS and PROSOL-UTIER announced cross examination of supporters' witness.

16. This is especially glaring in light of the fact that the FOMB scheduled thirty (30) minutes for re-direct, ninety (90) minutes to cross-examine the Objecting Parties witnesses, thirty (30) minutes for statements in support and an additional ten (10) minutes for Debtor's reply and closing arguments.

17. In other words, nine parties, of which at least two are presenting one (1) witness each and cross-examining at least two (2) each get thirty-five (35) minutes to cross-examine and sixty-five (65) minutes for rebuttal testimony. Those same nine (9) parties are allocated only (30) minutes to make statements while the FOMB and the Senior Bondholders get forty (40) minutes to argue for confirmation.

18. Such time constraints are distressingly disproportionately compressed in light of the well-honored traditions of our adversarial judicial system and inappropriate for the resolution proceedings of this complexity and significance.

CONCLUSION

For the foregoing reasons, and to be supplemented at the hearing to consider confirmation of the Plan, GMS respectfully requests that the Court deny the proposed Notice of Agenda and grant the Objectors sufficient additional time to present rebuttal testimony, cross-examine witnesses and offer proper statements in opposition of the confirmation of the proposed Plan of Adjustment.

Dated: San Juan, Puerto Rico

January 15, 2019

GODREAU & GONZALEZ LAW, LLC

By: /s/ Rafael A. González Valiente

Rafael A. González Valiente
P.O. Box 9024176
San Juan, PR 00902-4176
787.726.0077 (office)
787.360.0787 (cell)
rgv@g-glawpr.com

PERKINS COIE LLP

By: /s/ Gary F. Eisenberg
Gary F. Eisenberg
30 Rockefeller Plaza, 22nd Floor
New York, NY 10112
Ph. 212-262-6900
Email: geisenberg@perkinscoie.com